



## SUBSTANCE

*Of the Remarks of Mr. BALDWIN, of Virginia, on offering “ A Bill to Fund the Currency.” House of Representatives, January 16th, 1863.*

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Mr. BALDWIN offered the following resolutions and bill:

*Resolved*, That the Committee of Ways and Means inquire into the expediency of reporting a tax bill to raise, during the present year, the sum of one hundred and twelve millions of dollars. The tax to be apportioned among the several States, in the ratio of one million of dollars for every Representative in this House, and to be assessed for each State according to the system of taxation practised in each.

*Resolved*, That the Committee of Ways and Means inquire into the expediency of calling upon the several States of the Confederacy, to unite in a joint guarantee of the debt of the Confederate States, now existing, or hereafter to be incurred; excepting from such guarantee all Treasury notes, stocks and bonds heretofore issued.

A Bill to be entitled “ An Act to fund the currency.”

*The Congress of the Confederate States of America do enact*: SECTION 1. All treasury notes issued before the first day of April, 1863, shall, until the first of June, 1863, continue to be fundable in bonds of the Confederate States, at the rates of interest provided by the act, entitled “ An act to reduce the rate of interest on the funded debt of the Confederate States,” approved on the 13th day of October, 1862.

On and after the first day of June, 1863, all such treasury notes shall be fundable in bonds of the Confederate States; but only at the following rates of interest, viz: until the first day of July, 1863, at six per cent; until the first day of August, 1863, at five per cent.; until the first day of September, 1863, at four per cent.; until the first day of October, 1863, at three per cent.; until the first day of November, 1863, at two per cent., and until the first day of December, 1863, at one per cent.

All such treasury notes outstanding and unfunded on, or after the first day of December, 1863, shall be deemed to be satisfied and discharged.

SEC. 2. The funding, after the twenty-second day of April, 1863, shall be in eight per cent. bonds of the Confederate States, and shall be effected by such an abatement of the principal sum to be funded as will give to the holder the proper amount of annual interest, according to the rates hereinbefore provided, and after the said twenty-second day of April, 1863, the treasury notes so required to be funded, shall be received in all dealings of the Government, in which they are now by law receivable at such rates only as are herein provided for the funding thereof.

SEC. 3. All treasury notes issued on, or after the first day of April, 1863, shall be made payable to bearer six months after the ratification of a treaty

of peace between the Confederate States and the United States. They shall be in such form, of such denominations, and with such authentication as the Secretary of the Treasury may direct. They shall be receivable and payable in all dealings of the Government, except for export duties; and shall be fundable at the option of the holder, or of Congress, in six per cent. bonds of the Confederate States.

SEC. 4. During the continuance of the present war, all expenditures of the Government not otherwise provided for, may be met by the issue of treasury notes, according to the preceding section, or by exchange of six per cent. bonds of the Confederate States, all such issues and exchanges shall be made at the discretion of the Secretary of the Treasury, but not below the par value of the notes or bonds; and the Secretary is hereby authorized, from time to time, with the approval of the President, to issue such amounts of notes and bonds as may be necessary to meet, and to fund all such expenditures.

SEC. 5. All bonds of the Confederate States hereafter issued, shall be payable not less than thirty years after date, but shall, after five years from date, be redeemable at the pleasure of the Government. They shall bear interest at such rates as may be provided by law, which interest shall be paid on the first day of January, and July in each year. They may be registered or coupon bonds, as the Secretary of the Treasury may direct, and may be exchanged, the one for the other under such regulations as he may prescribe. They shall be sealed with the seal of the Treasury, and shall be signed by the Register of the treasury, or by such other person as the Secretary may appoint.

SEC. 6. The Secretary of the Treasury is authorized to receive deposits of the treasury notes to be issued under the third section of this act, and to issue to the depositors certificates therefor, bearing interest at rates not exceeding five per cent. a year. All such certificates shall be payable on the demand of the holder, or may be redeemed at the pleasure of the Secretary of the Treasury.

Mr. BALDWIN said: The bill which has just been read at the Clerk's table relates to a subject of great interest and importance, and one which demands our most earnest consideration. The regulation of the currency in which are conducted the dealings and business of a great people, is justly regarded, even in times of peace and prosperity, as a matter of primary importance in the duties of the statesman, how much more important now, when the business of the people and the credit of the Government have become so identified that every citizen feels his private fortune and his personal liberty to depend upon maintaining the credit of the Confederacy as the only means of securing its independence.

There is something wrong about our currency, and about the finances of the Confederacy; we all know and feel it; and while we are not agreed as to the nature of the evil, or as to the proper remedy, no one doubts the necessity of prompt inquiry and vigorous action upon the subject. An examination of our financial history may disclose the mischief and suggest the remedy, and, fortunately, that history is brief.

When the Southern revolution was declared, and it became evident that secession would not be a peaceful process, thoughtful men looked

anxiously about them for the means of resistance and defence; for men and arms—for food and clothing, and for money. For all of these great essentials in war we had a better promise than for money, without which none of the others could be made permanently available and efficient. From the beginning this was felt to present the greatest difficulty in the coming struggle. The Confederacy had no accumulated treasure; it had not even organized its treasury. The States and the municipalities, by a most mischievous policy, had in time of peace, pledged all their resources, and exhausted their credit in enterprizes with which Government had properly no concern; and now, when war was upon them, were found unable to help themselves, or to give efficient aid to the common cause. But little could be expected from taxation, external or internal, under the new Government. Time would be required to organize the necessary machinery—the war would interfere with the collection of duties, and the people were unaccustomed to the practice and disinclined to the vexations of internal taxation. Moreover, it was known that, with the best established governments, and under the most favorable circumstances, war, according to the modern scale of expenditure, could not be carried on without resorting, in some form, to the use of credit.

We labored under great and peculiar difficulties in the attempt to conduct a great revolution on credit. The Confederate Government was wholly unknown and untried, and it was at best, an unrecognized revolutionary government, about to engage at immense disadvantage, in a struggle against fearful odds. It was a government supposed to be founded upon the institution of slavery—and about to wage a war for its maintenance and propagation; the sympathies of the world were against us. A government originating in the principle and practice of secession, was supposed to be unworthy of financial and commercial confidence, and the caution of capitalists seconded the suggestion of our enemies, that we must soon be distracted by internal feuds, if not overwhelmed by external force. It was known that our country possessed immense resources in her cotton, tobacco, and other great staples, but as these crops belonged to the people and not to the government, and depended upon a foreign market, it was supposed that foreign war and internal dissension would prevent us from making them practically efficient for public uses. The prospect of any aid from foreign capital was by no means promising, and even to the most sanguine, our financial future was dark and almost hopeless. Help came from a most unexpected quarter. The enemy began the war by a blockade—cut off our intercourse with the outer world, and compelled us to rely upon our own resources, and to devote our whole thoughts and energies to the one great business of fighting them. From that moment our finances were

under our own control, and we were free to adopt what currency we pleased, without the necessity of conforming to the monetary system of the world. The blockade has been a most efficient, if not an absolute necessary part of our defence ; let us be duly grateful.

Left to their own resources, our people at once addressed themselves to the work before them, with an earnestness and a spirit which deceived themselves, and for a time deceived the government into the belief that our battles could be fought by volunteers, sustained by voluntary donations and loans of money. When the history of this war comes to be fairly written, it will appear beyond doubt, that without the help of volunteers, and of contributions in money and supplies voluntarily furnished by our people, no organization of government, no energy of administration could have enabled us to sustain the mighty struggle. It was soon discovered, however, that it would not do to rely wholly upon voluntary enlistments of men, and measures were taken in time to supply the deficiency. We have yet to acknowledge and to act upon the same truth in regard to money.

Looking to the use of credit, two resources were suggested by our situation, viz : Funded Loans bearing interest, and an unfunded currency circulating without interest.

The first effect of the war and the blockade was to suspend many of the occupations and pursuits in which our people had been accustomed to employ their capital, and to prevent prudent men from engaging in new enterprises. This threw out of employment large sums of money which were thus left free to seek investment in government loans, and much of it was so invested upon a patriotic impulse, which in the early days of the Revolution, did not wait upon financial calculation. The amount loaned to the government, however, was not at all proportioned to the wealth of the country, for our planters were found by the blockade, in possession of immense quantities of cotton, tobacco, and other leading staples, for which they no longer had a market. To afford them an opportunity to contribute to the help of the government, a produce loan was instituted, but, owing to the obstacles presented by the blockade, that measure proved of no great value.

The currency before the war, had consisted of gold and silver, and bank notes. At the first shock of war gold and silver were hoarded, and disappeared from the circulation, and a demand arose for other currency to supply their place. The Confederate Government found it convenient to make a small issue of Treasury notes, and gradually, according to its necessities, to continue and to increase it, taking care all the while, to make these issues fundable in the bonds of the Confederate Government. These bonds were offered to the public in every form calculated to attract the favor and secure the confidence of capitalists.

For permanent investments in the funded debt, an interest of 8 per cent. was offered, while to those disposed to secure the profits of a loan, and at the same time to retain control of the money to answer an emergency, a convertible or call loan was offered at 6 per cent. For large dealers bonds were issued in sums of \$500 and \$1,000, while opportunity was given to the humblest citizen, disposed to lend to the cause, to invest his \$100 in a note bearing interest at 2 cents a day, ready to be passed off at his pleasure, or to answer his necessities.

The Treasury notes issued by the government as currency, were received by the people with a confidence fully equal to that shown in the notes of the best established banks, and they went into circulation with bank notes. The banks themselves, without exception, received and paid them out in all respects, as they did their own notes. The impression prevailed at one time at the North, and the idea is yet put forward in their papers that we are a divided people, and that the revolution in the South has not the hearty support and confidence of our whole population. This single fact of the reception of the Confederate currency is a most conclusive refutation of that pretension.

In the progress of the war, the enemy succeeded from time to time, in overrunning portions of our territory. Our people thus included within the lines of the enemy, discovered that while the circulation of Confederate money was sternly prohibited, the enemy themselves were willing to receive and pass the notes of the Southern banks. The tendency of this was to give to our bank paper a peculiar value in all parts of the country threatened with invasion. The effect of the blockade upon the supply of many articles heretofore considered almost necessities of life, had been to increase the prices of such articles to an extent so great, that all along the border there sprung up a system of smuggling or running the blockade, by dealers in such commodities. In this trade, also, it was found that while Confederate money would not pass, bank paper was readily taken. These circumstances giving a peculiar local value to bank paper, it was sought after, and very naturally came to command a premium. The consequence was, that bank paper became demonetized, and was as an article of commerce, withdrawn from circulation. It has been common to hear the hoarding of gold and the smuggling across the border denounced as unpatriotic and mischievous practices, tending to discredit and depreciate the Confederate currency, but it would seem to be clear as a financial proposition, that every dollar of gold hoarded and withdrawn from circulation, and every dollar of bank money smuggled within the lines of the enemy, has been equivalent to the loan of a dollar to the Confederate Government without interest.

The great practical result has followed, that the Confederate Govern-

ment has obtained a complete monopoly of the currency, except as to sums under one dollar, and even as to them, the postage stamps, awkward and inconvenient as they are, compete in the various localities with the small note currency of the neighborhood. The banks, so far as their business remains, conduct it wholly in Confederate money, while their capital, thrown out of its ordinary channels, has found investment in Confederate bonds, and even their deposits are converted into certificates of the call-loan, reconvertible to answer the demand of the owner. Whatever else may be said or thought of our financial policy and its results, it would be difficult for the wit of man to devise a scheme by which the Confederacy, the States, the Banks and the People could be more perfectly and thoroughly committed in all their material interests to the great cause of Southern independence.

The Confederate Government, while constantly offering its bonds for the investment of capital, and seeking in various ways to increase the funded, rather than the unfunded debt, has been compelled to continue its issues of Treasury notes, as the most convenient and most acceptable form of dealing with the community at large. The constant and rapid additions thus made to the currency, not only supplied the deficit caused by the withdrawal of specie and bank notes, and the demand for investment in Confederate bonds, but gradually and steadily increased the amount of the currency in circulation. This increase has gone on from time to time, in spite of all the efforts of the government to induce holders to fund it, until now its volume has become so immense, that its proper management stands forth the great financial problem of our revolution, the just solution of which would be a public service rivalling in importance the most signal victory of our greatest captain.

This increase of our currency has in its progress been attended by many evils, but it has not been without some compensating benefits. The existence of the blockade rendered it certain that there would soon be a deficiency in the supply of some staple articles, and made it probable that there would be a scarcity in many others. The natural consequence was an increased demand for all such articles, to be hoarded for future use, or held upon speculation for a rise in price. The increase in the currency added to the facilities for speculation of this kind and increased the activity of what soon became odious as "extortion;" but it must not be forgotten, that there followed upon this speculation and extortion, in the invariable sequence of cause and effect, an increased activity and energy in the production and procuring of such supplies which would have been dormant yet, if no motive but patriotism had called it into action.

The swell in the currency gradually affected the price of all articles, without regard to their influence of legitimate supply and demand. It

was observed that the rise in price was steady and continued, from time to time, and almost from day to day. This gave rise to a kind of speculation having no reference to any practical use to be made of commodities either by the purchaser or by any one else. Examples of such speculations are found in the Tulip mania of Holland and the Multicau-lis fever of this country, with the marked difference, however, that neither of them was gotten up by the action of government. This most mischievous kind of speculation would seem to be attended by all the evils of gambling, without any possible benefit; and yet to this very kind of speculation, the Confederacy is indebted for the most important financial movement that has occurred in this revolution. The blockade arrested in the hands of our planters, full crops of cotton and tobacco, gathered, and just ready for market. Both of these crops were wholly dependent upon foreign markets, and although in those markets their value would have been immense, there was so little demand for them at home that under the influence of the blockade, the planters could hardly sell enough to pay the expenses of production. The effect upon the country of such a suspension of values consisting in hundreds of millions, was most disastrous, and it became a subject of most anxious consideration how to relieve this great difficulty. Looking to the foreign markets as the only hope, it was considered by many to be a primary object of public policy to break the blockade, and to induce other nations to disregard it. To give greater effect to a movement for this purpose, it was proposed that the government should buy the cotton and tobacco crops and negotiate full handed, with the nations of the world. There were others, who, looking upon Cotton as King, proposed to withhold it from the world as a means of compelling the recognition of our independence. These admitted that to render their plan practicable, it would be necessary to relieve the planters by mobilizing the value of the cotton crop, and for this purpose a cotton bank and various other plans were suggested. All were agreed that it was of the utmost importance, not only to the planters, but to the government and to the public defence, that some financial use should be made of the cotton and tobacco crop, but how to effect it seemed to defy the ingenuity of all our financiers.

When, however, the mania for speculation took possession of the minds of our people, the cotton crop and the tobacco crop offered too promising a field for investment and for speculation to be left long undisturbed, and it was not long after they were once taken hold of, before the great difficulty of realizing their values was solved, and both crops passed from hand to hand at high prices, relieving the financial troubles of the planting community, and exhibiting to the world the wonderful spectacle of five hundred millions of property finding a mar-

ket without a consumer, and without any demand founded upon real business.

The good effect of giving free and active circulation to large and inert values has not been confined to the owners of cotton and tobacco; it has been felt by all classes, in all parts of our country. The people have been able to pay their debts by the sale of property heretofore unsaleable, and many thousands who have been undergoing the slow but sure process of ruin, by stagnation, have been stimulated to activity and exertion by the prospect of paying large debts with small means. Making the most liberal allowances however, for all possible benefits, it cannot be denied that the condition of our currency is extremely injurious to our government and to our people, and that the prospect for the future is only evil, and that continually.

The evil complained of, is not merely that the currency is increased in volume, and that prices are higher in consequence. That of itself, would work great hardship upon persons who live upon fixed incomes or salaries, or whose property consists of bonds or other moneyed securities, the income in the one case, and the capital in the other, being reduced in practical value, or as Mr. Chase calls it, "purchasing power" in the inverse ratio of the rise of prices. When it is remembered that these classes include the officers and soldiers of our army, all the officers of the Confederate and State Governments and of the banks and corporations of the country, and large numbers of widows and orphans, whose whole support depends upon the real value of fixed incomes and invested money, it will be readily understood that the vicious condition of our currency has been the cause of much individual suffering and privation. It is also a matter of very serious moment to this government which has everything to buy and nothing to sell, and whose whole purchases made with the inflated currency and at the inflated prices, are ultimately represented by bonds which must some day or other be paid, according to the standard of gold and silver. We all recognize the fearful inequality which compels us to oppose the best blood of the South in equal ranks, against foreign mercenaries and the refuse of the Northern cities, and we are bound by every consideration, not to increase it by continuing a policy which results in our arming, clothing, feeding, and nursing our soldiers, at a cost four times as great as that encountered by our enemy.

The most serious grievance that afflicts our government and our people, and which requires to be dealt with promptly and vigorously, arises from the fact, that our currency, large as it is already, *is still constantly and rapidly increasing*. The fact of this increase, and the amount of it can be readily ascertained at the Treasury Department, where the only set off to the amount daily issued, is found in the amount daily

funded. The prospect that the funding will, at any time in the future, exceed or equal the issue is, under existing arrangements, to say the least of it, extremely doubtful. The effect of this constantly rising tide of currency upon the operations of the government and the business of the people is most striking and most disastrous. That, with the increase of currency, prices must rise—and that the rise must continue so long as the increase goes on, would seem to require no demonstration. It is established by the experience of the country, and the proof is even now in process of development before us.

We have seen for months past that while different kinds of property fluctuate in price according to variations in supply and demand, there has been a general and steady rise in the prices of all. Mark the effect of this. Those who purchase for their own use, instead of being satisfied with a moderate supply to meet current wants, hasten, if able, to lay in large stores under the apprehension that prices will be sure to rise. Producers of commodities for sale, and regular dealers in them, are afraid to part with them at the prices of to-day, unwilling to lose the increase of to-morrow—indeed, many become so fearful of selling too low, that they will not fix any price upon their wares. Those who are neither consumers nor producers, and who have never before been dealers, attracted by the rise of prices, and the prevailing mania, become dealers upon speculation, and begin to buy and hoard for higher prices. The poor, and those who are obliged from their daily earnings to buy their daily supplies, not only find that the necessities and comforts of life are rendered scarce, and increased in price, but they learn that the course of dealing is reversed, and that they are required to look upon it as a favor to sell them victuals and clothes at market rates, for cash. The government instead of finding its supplies for the army seeking the government market, is obliged to seek food and forage, and clothing, in small parcels, in the hands of the producers, or to hunt up the hoarded supplies of the speculator and the extortioner, and in either case is expected not only to pay for them at speculative prices, but to acknowledge the self-sacrificing patriotism which consents to sell at all. By these means the labor of subsisting the army is increased, until it has become so great as to drive the government to the illegal practice of seizing by force, what it finds so difficult to buy, and thus to increase the very mischief which it seeks to remedy.

The scarcity of supplies, real or apprehended, and the redundancy of money, were enough to cause a very injurious rise of prices; but this constant increase of currency with the increased hoarding and growing speculation to which it irresistibly leads, is full of present mischief and of future peril to the country. It will do no good to denounce speculation and extortion—we are fast becoming a nation of speculators and

extortioners; not that we are much worse than we have been, but we are placed in a situation new to us, and are subjected to a temptation which has not heretofore assailed us. History is full of examples teaching that man is a trading and speculating animal, and that the only sure way to prevent him from becoming an extortioner, is to keep him out of the way of temptation.

The expenditures of the government which have led to the great volume of currenney in the country still continue and serve to keep up the constant increase which has been mentioned. There is no prospect of any diminution of these expenditures; but on the contrary, under the influence of the causes which have been referred to, they must go on to increase with fearful rapidity. The expenditures of the government increase the volume of currenney, and with that increase prices rise. The rise of prices renders necessary a greater issue of currenney, and thus acting and re-acting one upon another, the increase of currenney and the rise of prices are fast hurrying the government in a direction which leads to bankruptey and the failure of a great cause.

Seeing this danger, many persons have insisted that the government must stop at once the issues of currency which are so full of mischief; and if this could be done, it would go far to relieve the difficulty. It is obvious, however, that this can only be done by providing at once other means of defraying expenses which will admit of no suspension or postponement. The only resources that have been suggested are taxation and loans.

It can hardly be denied that our government has failed to come up to the mark of duty and of policy on the subject of taxation. With expenditures counting in hundreds of millions, and with no other resources than those afforded by the power of taxation and the right to go in debt, we have exhausted ingenuity in devising schemes to borrow, but as yet have left almost untried the great power of taxation, upon the just and fearless exercise of which all our borrowing must at last depend. True, a tax bill was passed by the Provisional Congress, which provided all the machinery for its enforcement, and that about \$17,000,000 have been received into the Treasury of the Confederacy as the proceeds of that tax bill; but it is equally true, that in all the States except two the State governments stepped in to the relief of their people, and paid the tax by borrowing the money—thus defeating the whole object for which taxes are laid, viz: to pay instead of to borrow. This kind of taxation will not do; in the circumstances by which we are surrounded, sound policy, as well as common honesty, require that we shall call upon the people, with the authority of government, to contribute in taxes such sums as will show that we have an earnest and an honest purpose, no . . . . . and that

is to be hoped, therefore, that at the present session a tax bill will be passed to raise as much money as the people can pay. There never was a time when they were more able, or a cause in which they were more willing to pay. There is, however, a limit to the amount that can be raised by a tax bill, and no one supposes it at all possible in that way to defray the enormous current expenses of this war. Moreover, it requires time to frame and to pass a tax bill, and still longer to make its proceeds available, while the relief we want is a present necessity.

If then the issue of currency is to be stopped, it must be by money obtained from loans in some form or other, sufficient to meet current expenses. It has been suggested by some that Confederate bonds should be sold in the market for whatever they would bring, and in amounts sufficient for government expenditures. That plan would hardly succeed in a limited money market, with an unlimited supply of bonds, even if there were no other difficulty in the way, and the strong probability is that the experiment would add to the evils of a depreciated currency, the other great evil of depreieated bonds. Others have suggested that the bonds of the Confederate States shall be guaranteed by all the States of the Confederacy, as a means of establishing public confidence, and thereby increasing the demand for the bonds. That we labor under great financial disadvantage, from the fact that we are yet to win our independence and to establish ourselves among the nations of the earth, must be true, and there can be but little doubt that the guarantee suggested would tend to give confidence in the success of our cause by assuring the world of the united purpose with which we are resolved to triumph. It must be remembered, however, that it is from our own people alone that we must expect financial help, and with them the difficulty does not arise from want of confidence. In the midst of revolution and war there must, to some extent, be found among men of property an anxiety, and even a timidity, in regard to all pecuniary transactions, but it will be observed that almost every man in our country invests in Confederate bonds more than he would be willing to lose, and that every body who is willing to sell property at all will take Confederate money for it if he can get enough of it.

The truth is, that all attempts to induce investments in bonds to the amount necessary, whether by strengthening the security or by increasing the rate of interest, as by sales below par, must fail so long as the spirit of speculation is rife in the land. It is idle to talk of safe investments to men intent upon the exciting risks of speculation, and eight per cent a year sounds small and contemptible to those who expect to double and quadruple their capital within a few days. Any remedy for the disorders of our currency, and our finances must go to the fountain-head from which they all flow; and no plan will be effectual which

fails to stop the increase, and to diminish the amount of the currency by some process which will reverse the influences that are making all our people speculators. Here we find the mischief, and there we must apply the remedy.

With the diminution of the currency prices must come down; and the moment it is discovered that this takes place by operation of law, and is likely to continue, the motives and the conduct of our people will be exactly reversed. The consumer will lose his desire to lay up large supplies, when he has the prospect of buying at lower prices. The producer will hasten to put his property in market, upon the conviction that the prices of to-day will not hold for to-morrow. The speculator will lose all temptation to buy what he is likely to sell at a loss; and those who have been hoarding supplies for a rise in price, will be glad to get rid of them in anticipation of a fall. The natural relation between buyer and seller will be restored—small dealers will come to be regarded as customers worthy of attention, and the government will be able to supply its armies at fair prices without the necessity of a resort to force. The capital thus released from mischievous speculation will find in government bonds, at eight per cent interest, an investment both safe and profitable, and one combining the advantages of prudent thrift and patriotic duty. To bring about this most desirable result, we must make up our minds to act in regard to money upon the principles which have been found so efficacious when applied to men. The volunteering system in finance has been fairly tried, and it has failed; bounties have been resorted to in the shape of high rates of interest, but without avail. It only remains for us to try the plan of conscription, and to let our people understand that the cause demands, and the government requires, help in money as well as in men.

At the last session it was proposed to raise in the form and by the machinery of taxation, a forced loan of about seventy-five millions of dollars. The measure met with no favor in this house, and the committee of ways and means were directed to report a simple tax bill to raise fifty millions; but there the matter ended. The advocates of the forced loan then thought a reduction of the currency to the extent proposed, would relieve most of our financial difficulties; but now it is manifest that such a measure would give only partial and temporary relief, and that we must find some plan which will bring about a much larger absorption of the currency. The fifty million tax bill has gained no merit by the delay, but increased in amount, and taken in connection with other proper measures, it may serve to give assurance, that while we handle our finances with the energy and authority of a government, we intend to observe the integrity and good faith of an honest dealer.

The bill now presented for the consideration of the House, proposes to compel, within the current year, the funding of all the Treasury notes now in circulation. The plan is called compulsory, because, although it requires no assessors or collectors, and looks to no process of levy or sale, it yet appeals to the universal feeling of self-interest in a manner which at once enlists in the service of the government an agent more vigilant, more untiring, and more certain of success, than any array of officials could possibly be. No one who reads the two first sections of the bill can for a moment doubt, that under its operation the currency will certainly be funded within the time required, without other agency on the part of the government than to issue the bonds and to count the currency offered in exchange. If this funding shall be found to have the effects upon prices, and upon speculation and extortion, which have been indicated, its influence will be in marked contrast with the policy practised and promised by our rulers. It seems to be understood that to fix prices at will, and to seize private property at those prices, is about to become the established policy of our governments, both State and Confederate. The effect of such a system would seem to be, inevitably, to array against the government and against the success of its measures, the pecuniary interest of every man, woman and child in the Confederacy, to say nothing of the feeling which makes every man instinctively resist those who propose to take his property without his consent and against his will.

Prudent thrift and the desire of gain are instincts of humanity given by the Creator, for wise and beneficent purposes; and in their healthy action they are among the most valuable and conservative influences to which men can be subjected. They may, by unwise policy, be stimulated until they become speculation and extortion; indiscriminate violence may enlist them against the government, but they cannot be eradicated. The sagacious statesman would rather make them his allies than his enemies.

The Treasury notes issued before the 1st day of December, 1862, are in terms, made fundable at 8 per cent in bonds, of the Confederate States. By an act of the last session it was provided that after reasonable notice, to be given by the Secretary of the Treasury, the rate of funding as to such notes should be reduced to 7 per cent, and that all notes issued after the 1st day of December, 1862, should be fundable at 7 per cent. The time fixed by the Secretary at which the 8 per cent should be reduced to 7 per cents is the 22d of April, 1863, and it is at that point that the bill now proposed, takes hold of the subject. The principle asserted and acted upon by Congress in the bill of the last session was, that as no time was specified within which the right to fund should be exercised, it was in the power of Congress to prescribe

a reasonable time for the funding, and in case of failure, to reduce the funding rates. The amount of the reduction provided by that act was one eighth of the amount of all notes unfunded.

The effect of that act was a marked increase of the funding in Confederate bonds, but even with that increase the amount funded has fallen far short of the amount of new issues.

It is now proposed to exercise the same power and to extend the same principle so as to reduce the funding rates of interest one per cent for every month of delay, and finally, to declare all notes not funded to be satisfied and discharged. It was objected to the act of the last session that it was a departure from the terms of the contract between the government and the note holders—but the prevailing opinion was in favor of the justice and sound policy of so controlling the exercise of the private right as to avoid a great public mischief. Since that act was passed, the continuance of the war, and the great expense to which we have been subjected, have led to the circulation of a flood of currency, which threatens to overwhelm us, and the reasons of necessity and of justice in favour of the policy indicated, have increased ten fold. It is proposed to take away by degrees the right to fund as a penalty or tax for the injurious delay to exercise it, and it is confidently expected that our people, among whom alone this currency circulates, will universally recognize the propriety of a proceeding which promises to relieve them of a redundant currency with all its attendant evils. The impression is universal that upon some such remedy depend the success of our cause and the liberty and property of our people, and they will not be disposed to complain of any plan which will certainly produce the result.

By the second section it is provided that the funding shall be in 8 per cent bonds, and that the reduction shall practically be made upon the principal instead of upon the interest. The effect of this will be to depreciate the currency without discrediting it, and to depreciate it for the benefit of the government, by a scale easily understood and applied in the dealings of the government or of the people. The notes being receivable for public dues and fundable in government bonds from time to time, at rates fixed by law, will, so far as they continue to pass from hand to hand among the people, conform to the government prices, and thus avoid the uncertainty of depreciation which would result from any mere withdrawal of the right to fund. The practical effect of the plan is to lay a tax of  $12\frac{1}{2}$  cents on every dollar of Confederate money for every month that it is kept unfunded. The holder may escape the tax by funding in Confederate bonds, but if he refuses to fund, the tax will in time extinguish the currency in his hands. It must prove very efficient as a means of compelling men to fund the

notes, or very productive as a tax upon the outstanding currency; and by the one means or the other the result must infallably be reached, that by the 1st day of December, 1863, we will be entirely relieved of all the present currency.

This certainty of success is the feature which distinguishes the plan proposed by the bill now under consideration, from all others that have been suggested. To secure this certainty, a resort has been had to measures which may seem harsh, or may even appear to savor of injustice—but it must be remembered that the evil to be dealt with is of such huge proportions, and of such threatening aspect as to demand remedies of the most prompt and decisive character. In such a matter we cannot afford to fail, and even delay is fraught with the most serious mischiefs.

There can be no doubt that to call upon our people within eight months to invest in funded obligations three hundred millions of currency, is a very serious undertaking, but it can, and it must be accomplished. That it is not beyond the capacities of our people, is shown by the simple fact that the county of Augusta, in Virginia, has already invested, without compulsion, two millions of dollars in Confederate bonds. That county is one fiftieth part of the State of Virginia, and Virginia is one seventh part of the Confederate States, in point of numbers and wealth, as shown by the representation. Now, if all parts of the Confederate States would invest in Confederate bonds in the proportion already done by the county of Augusta, it would fund seven hundred millions of debt. As Augusta county has not been ravaged by the arms, and as many parts of the country are in possession of the enemy, it would not be fair to expect all to invest in the same proportion—but one half of that amount would be sufficient to absorb all the present currency, and to relieve our present difficulties—and the example of Augusta county will serve to establish the capacity of the Confederate States to fund the whole of our currency now outstanding, without subjecting our people to very serious hardships. It is not to be expected that so large a financial operation can take place under compulsion without some uncomfortable pressure upon the interests and the business of the people—but in view of the great benefits to be secured and the immense evils to be averted by it, our people will make up their minds to submit cheerfully to what cannot be avoided.

Any scheme which gets rid of the present currency must, to be complete, provide means by which to supply the people with currency, and the government with current revenues. This, the bill under consideration, proposes to accomplish, by a new issue of Treasury notes fundable in six per cent Confederate bonds, at the will of the holder or of Congress. It is also proposed as a part of the scheme for this

new issue that the States shall be called upon to unite in a guarantee of the bonds in which it is to be fundable. It is believed that such a guarantee by the States would give to the six per cent bonds a value in public estimation which would at once draw a marked line of distinction between the old currency and the new, and would establish the six per cent currency and bonds upon the highest footing of commercial credit. If this should prove true, our financial difficulties will have found a happy solution, and we will be able to see fairly to the end of all our troubles.

A joint guarantee is suggested as carrying with it, in the most striking manner, the unmistakable evidence of united purpose and of unshaken confidence. The condition of the States of Missouri and Kentucky may prevent them at present from joining in this guarantee, but they should be allowed, at the earliest practicable moment, to participate in this common tribute to the common cause.

The bill under consideration provides that in future all bonds of the Confederate States shall be made redeemable after five years, at the pleasure of the government. Our people have all felt that the high rates of interest at which we have borrowed the money for this war, will make the debt very onerous and very difficult to manage after the war is over. It is believed that when once we have established our independence we shall be entitled by our resources to take a position of high credit among the nations, and that we could then make loans at much lower rates of interest. To enable us to avail ourselves of these advantages, we propose to reserve the right of redemption after five years. The other features of the bill are mainly matters of form and detail, conforming generally to the laws already existing. A call loan is provided for, but the rate of interest is reduced to five per cent.

The scheme now presented consists of several parts, intended, when taken together, to cover the whole subject of our finances and currency. These are—

1. The compulsory funding of the present currency, or its gradual but rapid extinction by a tax upon its continued circulation.
2. The issue of a new currency, to consist of Treasury notes, fundable at the will of the holder or of Congress, in six per cent bonds of the Confederate States.
3. A joint guarantee by the States of the new six per cent Confederate bonds, to be valid when ten States shall unite in it.
4. The call loan at five per cent.
5. The reservation of the right to redeem Confederate bonds after five years from date.
6. A tax of one hundred and twelve millions, apportioned among the States in the ratio of one million to each representative in Congress.

The plan is submitted for the consideration of Congress, with a full sense of its imperfections, but in the hope that no one will wholly reject it until he has certainly found a better.

